

Amazon Takes Over Whole Foods Market

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Story at-a-glance

Amazon recently announced its intention to acquire Whole Foods Market for \$13.7 billion

Just as Amazon changed the book industry by forcing the entire supply chain to cut costs, the organic food industry may now face the same challenges, thereby ensuring the deterioration of organic food quality

The convenience of online shopping has led to a major cardboard and packing waste problem. The main recycling plant in San Francisco alone collects 100 tons of cardboard per day

By Dr. Mercola

Amazon recently announced its intention to acquire Whole Foods Market, a \$13.7 billion deal that has food manufacturers quaking in their boots. As noted by Fortune,¹ "grocery stocks took a nosedive" following the announcement.

Also noted by Fortune, just as Amazon changed the way books are printed and sold "by forcing publishers, authors and everybody else along the book supply chain to cut their costs," the food industry may now face the same disruptions and challenges — challenges bound to likely severely deteriorate, compromise and dilute organic foods and standards even further.

After all, Amazon's stated goal is to "be Earth's most customer centric company ... a place where people can ... find ... anything they might want to buy ..." ² In other words, Amazon's ultimate aim is to get a piece of every single economic pie there is. Ingeniously, by buying Whole Foods, Amazon is not buying a retailer. Rather, it's buying a customer for its advanced commerce and logistics, with an eye on replacing Instacart and United Natural Foods.³

"The overlooked asset Amazon gets in the deal is Whole Foods' 365 house brand — one of the most coveted in the organic and natural space, private label and otherwise," Forbes adds. "A Piper Jaffray survey last spring found that 365 is customers' favorite organic-food brand, ahead of premium names like Kellogg's-owned Kashi and General Mills' Annie's."

The 365 brand is virtually unavailable online, but that will change if Amazon is smart about it. 'The opportunity to use the 365 brand as a mainstay of their online offering is really profound,' says Bernstein analyst Alexia Howard. 'It puts a huge amount of pressure on branded food sales.'"

Speed and Convenience Versus Quality and Sustainability

The allure of instant gratification and convenience is ever present in today's world. Unfortunately, when it comes to food, speed and convenience is anathema to quality and sustainability. Sure, many will probably greet the news of Amazon's acquisition of Whole Foods as a good thing. Now you can order organic foods with a single click and have it delivered right to your doorstep. In reality, however, this mentality presents a number of problems.

Ironically, while we think home delivery is a fabulous outgrowth of modern technology, 100 years ago grocery home-delivery was commonplace. The milk man would drop off milk bottles and pick up the empties, for example. The major problem today is that virtually no one, and certainly not Amazon, is picking up the discarded packaging, so we've actually taken a step backward.

You may not realize it but Instacart⁴ is also doing home deliveries from grocers all over the U.S., including Whole Foods, so Amazon is hardly revolutionizing the food delivery concept. A major drawback of this potential acquisition is that while slightly better processed foods will be more conveniently available — which may be beneficial if you live in an area where good grocers are scarce or nonexistent — foods in general nearly always decline in quality when industrialization enters the picture.

Online shopping for organic foods also creates an enormous barrier between consumers and farmers. One of the best ways to ensure you're getting high quality food is to get to know the grower. Establishing and nurturing such relationships, and really getting to understand where your food comes from and how it's grown, puts "soul" back into the food, nourishes the spirit and strengthens community bonds.

Industrialization Inevitably Leads to Decline in Quality and Compromises Sustainability

When a food system becomes highly automated, quality invariably declines. We've already seen this with the popularization of organic foods sold through grocery stores. These foods are rarely locally grown. Instead, the majority is imported, and there's no telling what you're getting, really. As reported by The Washington Post,⁵ millions of pounds of soybeans and corn imported from Turkey, bearing the U.S. Department of Agriculture's "USDA Organic" seal, were recently found to be non-organic.

Turkey is one of the primary exporters of organic goods to the U.S., and the shipments in question represented about 7 percent of the total annual organic corn imports to the U.S. and 4 percent of the organic soybean imports. The Washington Post adds:

"After the story appeared, one of the nation's largest organic inspection agencies, CCOF, issued a notice to its clients indicating that it 'lacks confidence in the organic status of foreign grain.' The agency instituted rules requiring that organic grain shipments be traceable back to growers."

Unfortunately, **food fraud** is commonplace, and virtually impossible to keep up with. Once one loophole is closed, another springs open. The organic industry is now putting together an anti-fraud taskforce, organized by the Organic Trade Association, but many American farmers growing organics have few hopes it will protect them from cheap, fraudulent imports, which have plagued the organic industry for well over a decade. As noted in a 2005 article by the Organic Consumers Association:⁶

"Advocates tout organic food as a salvation for small U.S. farms. But more and more, organic food isn't American at all ... Companies are cutting costs by importing not only bananas and coffee but also all-American commodities like soybeans, fruits and vegetables ... A major U.S. organic grain supplier, Clarkson Grain Co. ... has lost 25 percent of its soybean business during the past year because of surging imports from China and South America ..."

One of the most popular brands of organic soy milk, Silk, is now made in part with imported soybeans. Organic Valley, a Wisconsin-based farmer cooperative, imports some of its beef from Australia. Cascadian Farm, a major name in organic frozen produce that started out buying commodities in the Pacific Northwest, now buys many of its fruits and vegetables from overseas."

It's the Green Revolution All Over Again

Little has changed over the years. If you find organic tomatoes in January, they're probably from Mexico,⁷ a country where explosive growth of organic tomato cultivation has left locals struggling with dwindling water supplies. In some areas, wells have dried up completely. This is yet another hidden price of cheap commodities, organic or not. Basically, what we're seeing now is an extension and tragic repeat of the "Green Revolution" that took place in the 1930s.

A little more than a century ago, all food was organic. Synthetic pesticides and fertilizers were not used. Aside from traditional culturing and fermenting, there were no processed foods to speak of. All of that changed with the advent of synthetic fertilizers, chemical pesticides and herbicides and the industrialization of agriculture, which consolidated dozens of small farms into mega-entities.

This demanded dramatic changes to the infrastructure of the food industry as a whole, and what we ended up with was a food system where food is produced in larger quantities by fewer farms, and is then processed and distributed all over the world. Such a system not only demands that shortcuts be taken to keep costs under control, but also requires most of the food to be processed for extended shelf life.

Today, the vast majority of the money spent on food is spent on processed foods, and the health ramifications are clearly seen in rising obesity and disease statistics. We're now seeing the same process occurring in the certified organic food industry. The initial intent to bring back real food, grown by contentious farmers focused on quality and environmental sustainability, is quickly morphing into just another processed food niche. While the ingredients may contain fewer chemicals and toxic additives, the end result is the same.

Large multinational corporations are gobbling up small organic brands, forcing them back into the corporate agriculture system where everything is big, power is concentrated, shortcuts are the status quo, quality is questionable and the intentions to build strong food-secure communities, improved food safety and environmental regeneration all fall by the wayside.

Many Organic Milk Brands Provide None of the Organic Benefits

Efficiency and cost savings rule the day in any industrialized food system, and when these criteria are predominate, quality automatically gets downgraded. You simply cannot grow the best foods at the quickest and lowest price. A perfect example of this is the dairy industry, where [industrialized organic milk](#) has diluted the value of the entire organic dairy industry.

True organic grass fed milk has been repeatedly shown to be higher in many nutrients, including vitamin E, beta-carotene and beneficial conjugated linoleic acid, but an investigative report by The Washington Post reveals some organic dairies are merely concentrated animal feeding operations (CAFOs) in disguise, selling milk for higher prices while not actually giving you anything that is substantially different from non-organic milk.^{8,9,10}

Ironically, Whole Foods' 365 brand organic milk, popular as it may be, is indistinguishable from conventional milk. According to Whole Foods Market online:

"365 Organic Everyday Value Milk is produced by the nation's leading cooperative of organic family farmers who promote regional farm diversity and economic stability. During

*their entire lives, the cows producing our organic milk will receive only 100 [percent] certified organic feed and are never fed antibiotics or artificial growth hormones. The co-op's farmers are dedicated to practices such as pasturing and allowing animals to express their natural behaviors."*¹¹

While that sounds all good and well, The Washington Post's tests revealed the 365 Everyday Value Milk ranked "at the bottom for the fats associated with grass feeding and at the top for the fat associated with conventional feeding."

Conscious Capitalism Makes a U-Turn

The idea that Whole Foods, with Amazon at its helm, will be able to retain its focus on sustainability and organic quality is questionable at best. This is unfortunate indeed. Whole Foods may not have done everything right all the time, but there's no doubt it helped popularize healthier, more natural and responsibly-grown foods. As noted by Slate Magazine:¹²

"[Whole Foods] sold organic foods long before any major supermarket chain thought it was worthwhile, and it's thrived in part by defying the grocery industry's insistence on centralized distribution and standardization. Now the organic supermarket pioneer will be owned by one of the most brutally efficient and standardized retailers in the world, a company with a relentless focus on selling things cheaper and faster ...

[I]t signals the end of a dream for ... the entire organic food business. With more than 400 locations, Whole Foods has long ruled the organic marketplace. But unlike any other national retailer, it claims to be rooted in environmentalism ... [W]ith its sale to Amazon, a company with a poor environmental track record, questionable labor practices and limited experience selling organic food, Whole Foods has lost any credible link to its countercultural roots.

Whatever Whole Foods will be able to say about itself now, it will be much harder for it to maintain its do-gooder image ... With its relentless efficiency standards, Amazon is poised to radically transform not only the pioneering organic chain but the entire brick-and-mortar grocery business."

Online Giant Vies to Cash in on Taxpayer Subsidies

An even bigger play by Amazon that has retailers bracing for impact is the fact that the online giant will soon be accepting Supplemental Nutrition Assistance Program benefits. As noted by Politico:¹³

"... SNAP recipients can't currently use their benefits to buy groceries online, but it appears increasingly likely that they'll be able to in the not-too-distant future. The Department of Agriculture is preparing to roll out 10 pilots that will allow some SNAP customers to use their electronic benefit transfer, or EBT, cards with online retailers — a trial called for in the 2014 farm bill that some view as the stepping stone to bringing SNAP fully online and into the 21st century.

In January, Amazon was selected as one of the companies to conduct one of the pilots across three states — New York, New Jersey and Maryland — but what the company is now doing outside of that effort is raising eyebrows in Washington ... Amazon recently rolled out a special 45 percent discount on Amazon Prime membership for anyone in the U.S. who has an EBT card ...

Retailers ... see the move as a shrewd way for Amazon to build business with SNAP-eligible customers to capitalize if — or, rather, when — EBT becomes redeemable online. But Amazon's play also raises all sort of questions about the future of SNAP retailing."

When Will Amazon Face Its Enormous Cardboard Waste Problem?

Convenience has yet another dark side: Cardboard and packing refuse is turning into a major problem as more and more people rely on online purchases for every minor want and need. The main recycling plant in San Francisco alone collects 100 tons of cardboard per day. As noted in a New York Times article published last year:¹⁴

"A handful of scientists and policy makers are ... grappling with the long-term environmental effect of an economy that runs increasingly on gotta-have-it-now gratification ... Overall, the \$350 billion e-commerce industry has doubled in the last five years, with Amazon setting the pace.

Its Prime membership service has grown to more than 50 million subscribers, by one estimate. (And ... Prime Now, can 'get customers pretty much anything in minutes,' its website says). 'There's a whole fleet of trucks circulating through neighborhoods nonstop,' said Dan Sperling, the founding director of the Institute of Transportation Studies at the University of California, Davis, and the transportation expert on the California Air Resources Board.

He also is overseeing a new statewide task force of trucking companies and government officials trying to reduce overall emissions from freight deliveries, including for e-commerce ... 'From a sustainability perspective, we're heading in the wrong direction,' he said."

Star Tribune¹⁵ has also highlighted the issue of mounting cardboard waste. Amazon claims it uses a special software to select an appropriately-sized box for any given item, and Amazon boxes can be used to ship donations to Goodwill free of charge — a feature under its "Give Back Box" program — but such strategies hardly make a dent in the overall deluge of cardboard being generated by online sales. For all its logistics savvy, Amazon has yet to invent a better system where repeat customers can return boxes for reuse.

These strategies also do nothing to address the growing traffic generated by delivery cars and trucks. As noted by Ardeshtir Faghri, professor of civil engineering at the University of Delaware, online shopping is a primary culprit in the increase in emissions. "Online shopping has not helped the environment. It has made it worse," he told The New York Times.¹⁶

'Competition Is for Losers'

Competition protects consumers from a number of troublesome consequences. Unfortunately, monopolization is the name of today's game. "Competition is for losers," said Peter Thiel, co-founder of PayPal,¹⁷ expressing what appears to be a general sentiment among many multinational corporations. According to the McKinsey Global Institute, a mere 10 percent of public companies generate 80 percent of all profits worldwide.

Between 1997 and 2013, the number of listed companies in the U.S. dropped by half, from 6,797 to 3,485. Of these, internet- and cellular-based corporations rule the roost. Amazon, not surprisingly, is among them. In a special report on the downsides of corporate consolidations, "Why Giants Thrive," The Economist writes:¹⁸

"Regulation inevitably imposes a disproportionate burden on smaller companies because compliance has a high fixed cost. Nicole and Mark Crain, of Lafayette College, calculate that the cost per employee of federal regulatory compliance is \$10,585 for businesses with 19 or fewer employees but only \$7,755 for companies with 500 or more.

Younger companies also suffer more from regulation because they have less experience of dealing with it. Sarbanes-Oxley imposed a particularly heavy burden on smaller public

companies ... The JOBS act of 2012 exempted small businesses from some of the more onerous requirements of the legislation, but the number of startups and IPOs in America remains at disappointingly low levels."

Where Are We Going? And Do We Really Want to End Up There?

Many organic enthusiasts believe Amazon's acquisition of Whole Foods is an overall bad idea — not for Amazon, clearly, but for Americans in general, our environment and our food system. We've fought long and hard to change the status quo, and Americans have awoken to the fact that health and food are inseparable. You cannot eat junk and expect to be well. Unfortunately, the allure of convenience is ever-present.

By turning Whole Foods into an Amazon entity, we stand to lose quite a bit of ground. We don't need more organic processed foods, which is what will work best in Amazon's business model. We need farmers to grow more fresh foods. We also need to get closer to the source of our food, not further away from it, which is exactly what online shopping will accomplish. Lastly, we need to go beyond organic certification, as USDA certification is becoming increasingly watered down by industrial interests.

Ideally, grow some of your own food. There's no better way to ensure quality and freshness, since you have full control from planting to harvest. Gardening also has well-recognized physical, emotional and even spiritual benefits. During World War II, the government called on Americans to plant "[victory gardens](#)" to supply their own fruits and vegetables. Nearly 20 million Americans planted produce in every nook and cranny they could find, from rooftops and empty lots to their own backyards.

In all, they grew 40 percent of the produce in the U.S. during that time. The way things are going, you'd be wise to start a victory garden of your own. If you've never tended a garden before, start small. [Sprouts](#) are an excellent place to begin, as they're easy and inexpensive to grow, and deliver superior nutrition.

Your next best option is to get to know your local farmers and buy from them directly. Farmers markets are an excellent place to shop as well. If you live in the U.S., the organizations listed below can help you locate farm-fresh foods.

Ideally, look for [foods certified by the American Grassfed Association](#) (AGA) and the [Demeter Association](#). The former certifies grass fed animal products; the latter offers biodynamic certification. The path forward seems inevitable — organic quality is being sacrificed for the sake of convenience and profitability. Biodynamic certification and grass fed certification are superior certifications that ensure not only healthy food but superior environmental protections as well.

American Grassfed Association

The goal of the American Grassfed Association is to promote the grass fed industry through government relations, research, concept marketing and public education.

Their website also allows you to search for AGA approved producers certified according to strict standards that include being raised on a diet of 100 percent forage; raised on pasture and never confined to a feedlot; never treated with

antibiotics or hormones; born and raised on American family farms.

EatWild.com

EatWild.com provides lists of farmers known to produce raw dairy products as well as grass fed beef and other farm-fresh produce (although not all are certified organic). Here you can also find information about local farmers markets, as well as local stores and restaurants that sell grass fed products.

Weston A. Price Foundation

Weston A. Price has local chapters in most states, and many of them are connected with buying clubs in which you can easily purchase organic foods, including grass fed raw dairy products like milk and butter.

Grassfed Exchange

The Grassfed Exchange has a listing of producers selling organic and grass fed meats across the U.S.

Local Harvest

This website will help you find farmers markets, family farms and other sources of sustainably grown food in your area where you can buy produce, grass fed meats and many other goodies.

Farmers Markets

A national listing of farmers markets.

Eat Well Guide: Wholesome Food from Healthy Animals

The Eat Well Guide is a free online directory of sustainably raised meat, poultry, dairy and eggs

from farms, stores, restaurants, inns, hotels and online outlets in the United States and Canada.

Community Involved in Sustaining Agriculture (CISA)

CISA is dedicated to sustaining agriculture and promoting the products of small farms.

FoodRoutes

The FoodRoutes "Find Good Food" map can help you connect with local farmers to find the freshest, tastiest food possible. On their interactive map, you can find a listing for local farmers, CSAs and markets near you.

The Cornucopia Institute

The Cornucopia Institute maintains web-based tools rating all certified organic brands of eggs, dairy products and other commodities, based on their ethical sourcing and authentic farming practices separating CAFO "organic" production from authentic organic practices.

RealMilk.com

If you're still unsure of where to find raw milk, check out [Raw-Milk-Facts.com](#) and [RealMilk.com](#). They can tell you what the status is for legality in your state, and provide a listing of raw dairy farms in your area. The Farm to Consumer Legal Defense Fund¹⁹ also provides a state-by-state review of raw milk laws.²⁰ California residents can also find raw milk retailers using the store locator available at www.OrganicPastures.com.

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